No. 91-2031

Supreme Court, U.S.
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In The Supreme Court Of The United States

OCTOBER TERM, 1991

JOY TECHNOLOGIES INC.
Plaintiff-Petitioner,

v.

HARRY F. MANBECK, JR.,
COMMISSIONER OF PATENTS AND TRADEMARKS,
Defendant-Respondent.

REPLY BRIEF OF PETITIONER JOY TECHNOLOGIES

Raymond G. Hasley
ROSE, SCHMIDT, HASLEY & DiSALLE
900 Oliver Building
Pittsburgh, PA 15222-5369
(412) 434-8600

Of Counsel:
Jane G. Davis
Vice President and
General Counsel
JOY TECHNOLOGIES INC.
One Oxford Centre
Pittsburgh, PA 15219
(412) 562-4500

Counsel for Plaintiff-Petitioner

LAWYERS PRINTING COMPANY 7th & Franklin Bldg. Richmond, Virginia 23219 (804) 648-3664

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REPLY BRIEF OF PETITIONER JOY TECHNOLOGIES INC.

In the opening statement of its argument in opposition, at page 5 of Respondent's brief, Respondent refers to, "the Board's partial invalidation of petitioner's patent", and while that may be accurate, that is, some claims of invention were retained by Petitioner as valid claims, the possible implications could be grossly misleading. Each claim of a patent (a total of 18 in Joy's patent) is a separate, distinct invention. See 35 U.S.C. § 282; and Jones v. Hardy, 727 F.2d 1524, 1528 (Fed. Cir. 1984). Thus, the loss of a single claim held invalid constitutes a separate, complete and total (not partial) loss of that particular invention and property right. Here, all

of Joy's right in Claim 18 (as well as others) will be lost if the judgment below stands and that cannot be denied. It is immaterial that the validity of other claims of invention were upheld in reexamination. Any suggestion that there is only a partial loss of Claim 18 is misleading. By virtue of losing that one claim, Joy's entire contractual right to receive ongoing royalty payments from National will be lost. If Respondent intends to suggest this matter should not be reviewed because Joy has only sustained a "partial" loss, then Respondent flagrantly misleads the Court.

Respondent's contention, also at page 5, that "Petitioner was not entitled to a jury trial because the

present action is an action against the federal government", is misleading and in error although it is correct that Joy brought suit against the Commissioner. One must look to the basis and the nature of the action and who provoked the suit. The Commissioner of Patents, not Joy commenced the litigation. The Commissioner, at the request of National, ordered Joy to defend the validity of the patent under threat of losing it. In theory, the procedure invoked by the Commissioner is analogous to a rule to show cause why the Commissioner should not hold the issued claims invalid. Joy's suit filed in the district court was part of the appeal process and purely defensive in nature to rebut the Commissioner's evidence. In the

district court Joy could offer evidence that could not be introduced in the administrative proceedings. Joy's alternative was an appeal to the circuit court with a record devoid of important evidence. The proper rule to be applied here is that when the government commences the action, the right to trial by jury remains inviolate. See Tull v. United States, 481 U.S. 412, 107 S.Ct. 1831, 95 L.Ed.2d 365, (1987). Respondent's immunity from suit argument was advanced in the trial court and forms the basis for the trial court's decision against Joy,[1] but that ground was not adopted by the circuit court which relied on a prior decision decided on another ground. See Petitioner's

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[1]See Respondent's Brief at 4a.

brief at A-6. Joy submits that it is obvious why the circuit court would not adopt the Commissioner's argument - the governmental immunity from suit theory ignores the facts as well as the decision of this Court in the Tull case, supra.

Respondent at page 6 then shifts to the "public rights" argument on which the circuit did rely. But the circuit relied on a prior decision which did not analyze the point Joy raised and stresses. That is, public rights, while they always remain a proper concern, are secondary to Joy's legal rights once the patent has issued because of the public disclosure of the inventions claimed and described in the patent. This was and is distinct property of Joy. Joy concedes that Respondent's public rights contention

would have merit had no patent been issued to Joy on its original application and Joy was seeking a jury trial on appeal, but that is not this case. In such circumstances Joy would have retained its right of privacy and could have kept its inventive discovery secret from the public. Joy does not contend that it had a 7th amendment right prior to issuance of the patent. Rather, Joy contends that after Joy's discovery was conveyed by the government to the entire world, Joy's private legal rights predominate and public rights are subordinated to those of the patent owner who is then entitled to a final determination of private/public rights in an Article III Court. That was the law prior to reexamination and should still be the law.

Joy complains here that the government publication of Joy's patent following the original administrative proceeding proclaimed Joy's legal rights to the world and guaranteed Joy's right to trial by jury in an Article III Court over any later issue concerning the invalidity of any one of the 18 claims of invention set forth in the issued patent.

Contrary to Respondent's suggestion at page 6, Joy is not really challenging the historic "Commissioner's exercise of his statutory duty to execute the patent laws . . . (Commissioner shall superintend or perform all duties required by law respecting the granting and issuing of patents. See 35 U.S.C. 3.)." Res. Brief p. 6. Reexamination is ex post facto the complete exhaustion of the Commissioner's statutory duty to grant

and issue patents. The Commissioner's authority was fully expended when the Joy patent was issued. Reexamination is an attempt by Congress to grant to the Commissioner new jurisdiction over issued patents and to invalidate such patents. Joy contends that for Congress to do so, that is, empower the Commissioner to invalidate an issued patent at the request of a third party, is in derogation of the Seventh Amendment right to trial by jury in an Article III Court.[2]

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[2]In footnote 6 at page 8 of Respondent's brief, Respondent refers to the rejection below of Petitioner's argument that retroactive application of reexamination is arbitrary and irrational and involves a Fifth Amendment taking without due process; however, the circuit did not reject the Fifth Amendment argument - it avoided reaching it. See the decision at A-12 in Petitioner's Brief, "We need not reach Joy's argument . . . ."

As Joy pointed out in its main argument, the administrative procedure to obtain a patent is completely different from contesting the validity of an issued patent. The reference by Respondent in footnote 4, page 6 to 35 U.S.C. § 145 misses the point entirely. Prior to reexamination, that provision applied only to patent applications - not issued patents - and case decisions pertaining to patent applications are irrelevant and immaterial. Joy contends Congress exceeded its authority by relegating Joy in reexamination to § 145 after the patent had issued. Joy contends § 145 cannot be used as a way around the legal rights of the owner in an issued patent. Such rights are legal and not equitable rights. See Root v. L.S. and

M.S.R.C., 105 U.S. 189, 26 L.Ed. 975 (1881) at 981:

> . . . Indeed, it is the settled doctrine of this Court that this distinction of jurisdiction, between law and equity, is constitutional, to the extent to which the 7th Amendment forbids any infringement of the right to trial by jury as fixed by the common law. And the doctrine applies in patent cases as well as others . . .

What the Commissioner properly could do under the Constitution before the patent issued simply does not translate to power in Congress to later return the patent owner to the Commissioner's jurisdiction upon the request of a third party to determine Joy's legal rights. Such disputes are and always have been settled in Article III Courts with disputed issues of fact to be determined

by a jury. The public interest in issued patents has always been protected in that manner and Petitioner contends it was beyond the power of Congress to deny the 7th Amendment right of Petitioner through means of reexamination.

Respondent then shifts at page 7 of its brief, to the matter of "context." Referring for support to Granfinanciera v. Nordberg, 492 U.S. 33, 106 L.Ed.2d 26, 109 S.Ct. 2782 (1989), Respondent contends that "Congress may effectively supplant a common law cause of action carrying with it a right to a jury trial with a statutory cause of action shorn of a jury trial right if that statutory cause of action inheres in, or lies against, the Federal Government in its sovereign capacity." But what this

Court said does not favor Respondent. Reexamination does not grant the patent owner a cause of action against the government; rather, reexamination grants a cause of action to the government to invalidate Joy's legal rights at the request of a third party. The Commissioner clearly supplants the role of an Article III Court. Furthermore, this Court in Granfinanciera, supra, and Tull, supra, unequivocally mandated that when a jury trial is demanded, the Court must consider whether the real issue in the case - Joy's legal rights - involves a protected common law right to trial by jury. And, under those decisions, if the right to trial by jury is found to be a common law right that existed in 1791 when the Seventh Amendment was adopted,

it is protected from intrusion by Congress. That is precisely Joy's point. What this Court said in the Granfinanciera case applies and supports Joy's position:

> [Congress may not] strip parties contesting matters of private right of their constitutional right to a trial by jury . . . nor can Congress conjure away the Seventh Amendment by mandating that traditional legal claims be brought there or taken to an administrative tribunal. 106 L.Ed.2d 26 at page 47.

In footnote 5 of Respondent's brief, Respondent attempts to minimize the importance of the statement this Court made in Ex Parte Wood & Brundage re the patent owner's right to trial by jury, but a fair reading of the decision supports Joy's position as to the Court's holding that once the patent issues the

owner is protected by 7th Amendment rights.

Finally, in footnote 6 at page 8 of Respondent's brief, Respondent's reference and discussion is not understood. The cited page references to Petitioner's brief provide no support for Respondent's assertion and apparently Respondent is in error as to Joy's position.

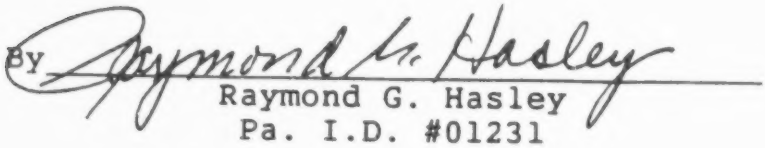
CONCLUSION

Congress has great power and authority, but it may not deprive Joy of its Seventh Amendment rights to trial by jury in an Article III Court, as such right existed in 1791. The Federal Circuit has exclusive jurisdiction of patent issues appealed from district

courts; hence, the issue is ripe for review by this Court. For all of the foregoing reasons, review should be granted.

Respectfully submitted,

ROSE, SCHMIDT, HASLEY & DiSALLE, P.C.



By Raymond G. Hasley
Raymond G. Hasley
Pa. I.D. #01231

900 Oliver Building
Pittsburgh, PA 15222-5369
(412) 434-8600

Attorneys for Joy Technologies Inc.

Of Counsel:

Jane G. Davis, Esquire
Vice President and General Counsel
Joy Technologies Inc.
One Oxford Centre
Pittsburgh, PA 15219
(412) 562-4500

FILING AND MAILING CERTIFICATE

I hereby certify that on this 15th day of September, 1992, I filed 40 copies of a Reply Brief of Petitioner with the Clerk's Office of the Supreme Court of the United States and further certify that I mailed via first class mail, postage prepaid, the required (3) copies to Kenneth W. Starr, Solicitor General, Department of Justice, Washington, DC 20530 and Lee E. Barrett, Associate Solicitor, Patent and Trademark Office, P.O. Box 15667, Arlington, VA 22215.

The necessary filing and mailing was performed in accordance with the instructions given me by counsel in this case.

Barbara J. Grove

Lawyers Printing Company
Suite B-115
7th & Franklin Building
Richmond, Virginia 23219